Credit policy of RBI regarding priority sector

2219. SHRI A VIJAYARAGHAVAN: Will the Minister of FINANCE be pleased to state:

(a) whether the latest Credit Policy Review of Reserve Bank of India has decided to appoint a "Working Group" to examine effective way of utilisation of priority sector funds;

(b) if so, details thereof including official committees that have gone into inadequate finance faced by the small scale industry sector and action taken;

(c) whether 23 products within small scale industry sector have been allowed a much higher investment limit; and

(d) if so, details of above 23 products and finance utilised under priority sector funds during the last three years, year-wise, category-wise and State-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIANANDRAO VITHOBAADSUL): (a) Yes, Sir.

(b) The Working Group proposed to be constituted will assess the progress made in implementation of Kapur Committee and Gupta Committee recommendations and suggest ways to improve credit flow considering, in particular the backward and forward linkages of this sector with large corporates The Group will look into, among other things, the methods of utilisation of priority sector shortfall deposits with SIDBI and suggest appropriate institutional arrangements for enhancing the credit delivery on a timely basis and in adequate measures to SSIs.

Various Committees like the Nayak Committee, Kapur committee and Gupta Committee have been constituted at different times to look into the problems faced by SSI Sector in credit flow. The recommendations made by the Nayak Committee have been implemented. 88 of the 126 recommendations by the Kapur committee have also been implemented.

(c) and (d) Instructions have been issued by RBI to all commercial banks including RRBs for enhancing the investment limit in plant and machinery to Rs. 5 crore in respect of certain items under stationery and drugs and pharmaceuticals (which included 13 items of Stationery Sector

and 10 items of Drugs and Pharmaceuticals sector). RBI does not capture data separately regarding finance utilised by these 23 products.

Utilisation of Government assistance by States

2220. SHRI RAMACHANDRA KHUNTIA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Central Government assistance are not being utilised by various State Governments in time because the release of fund is towards the end of the year, if so the reasons therefor; and

(b) whether Government are considering to introduce new system for the better utilisation of Government assistance?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) No, Sir. Normal Central assistance for States Annual Plans is released to States in twelve monthly instalments on 1st working day of each of the month. As far as additional Central assistance (ACA) for Externally Aided Projects is concerned, 25% of allocation is released in advance in the first quarter of the financial year and further releases are made on reimbursement basis. ACA for specific schemes/projects is released on utilisation certificate/progress report furnished by State Governments, besides a part being released in advance for most of the schemes.

(b) Does not arise.

Budget allocation for projects in Orissa

2221. SHRI RAMACHANDRA KHUNTIA: Will the Minister of FINANCE be pleased to state the total budget allocation of the Central Projects in Orissa namely, Paradeep Oil Refinery, Petroleum Crude Oil Pipe Line, Paradeep, All India Medical Institutes' branch in Orissa and East Coast Railway Headquarter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBAADSUL): Sir, the budget allocation for East Coast Railway Headquarter during 2003-04 is Rs. 6.50 crores. There is no budget allocation in respect of the other projects during 2003-04.